



According to the Global Competitiveness Report 2014-15, Armenia ranks 85<sup>th</sup> out of 144 countries, representing decrease by 6 places in comparison with the last year. There has been a considerable improvement in the following pillars: infrastructure, higher education and training and technological readiness. Rankings by the rest of the pillars have fallen. The labor market efficiency and financial market development have recorded the largest deterioration - decrease by 20 places.

#### Changes in competitiveness pillars of Armenia

GCI pillars	GCI 2014-15 rank Among 144 countries	GCI 2013-14 rank Among 148 countries	Changes by
Institutions	72	65	-7
Infrastructure	78	80	+2
Macroeconomic environment/ sustainability	77	64	-13
Health and primary education	99	85	-14
Higher education and training	75	77	+2
Goods market efficiency	64	58	-6
Labor market efficiency	74	50	-24
Financial market development	97	76	-21
Technological readiness	71	72	+1
Market size	118	117	-1
Business sophistication	93	87	-6
Innovation	104	103	-1

Specific indicators which have recorded notable improvement are the following: intensity of local competition, number of days required to start a new business, mobile telephone subscriptions (per 100 pop.), internet users (%) and internet access in schools. The following indicators recorded deteriorated performance: inflation (data for 2013), availability of financial services, FDI and technology transfer, state of cluster development and legal framework.

Index	Change compared with the last year, rank	Index	Change compared with the last year, rank
HIV prevalence, % adult pop.	44	Inflation	-103*
Number of days required to start a business	25	Agriculture policy costs	-34
Intensity of local competition	17	Availability of financial services	-31
Internet users, %	13	State of cluster development	-29
Business impact of HIV/AIDS	13	FDI and technology transfer	-29
Mobile telephone subscriptions (per 100 pop.)	10	Flexibility of wage determination	-27
Internet access in schools	10	Efficiency of legal framework in challenging regulations	-22
Secondary education enrollment rate	10	Capacity for innovation	-21

\*Notes: The inflation indicator for Armenia 2013 (5.8%) was used in the Report, which ranks the country 104<sup>th</sup>. In the previous report, inflation index was 2.7% (2012 data) and Armenia was ranked on the top, as the countries with up to 2.9 % inflation were top ranked.

Among significant competitive advantages of Armenia are the number of procedures and days to start a new business. Main competitive shortcomings are in the areas of export and country's capacity to retain talents.

#### Armenian competitiveness advantages and flaws

Significant advantages	Rank	Significant flaws	Rank
HIV prevalence, % adult pop.	1	Quality of port infrastructure	134
Number of procedures required to start business	3	Exports as a percentage of GDP	127
Number of days required to start a business	9	Foreign market size index	126
Strength of investor protection	22	Country's capacity to attract and retain talent	123
Business costs of crime	22	Government procurement of advanced tech products	121

It is noteworthy that despite GCI fall, Armenia has moved from transition stage to efficiency based stage due to growth of GDP per capita (from \$2,991 in 2012 to \$3,208 in 2013). This means that in the current stage of development, Armenia faces new challenges and new means for overcoming those. The main challenge for countries in the efficiency stage is productivity growth.

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